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Department of Interior
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 Attention: Rules Processing Team (RPT)
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16 March 2005

RIN 1010-AD09

(Oil and Gas and Sulphur Operations on the Outer Continental Shelf (OCS) – Suspension of Operations (SOO's) for Ultra-Deep Drilling)

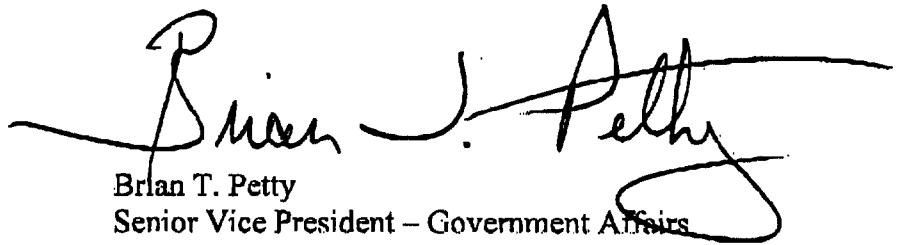
The International Association of Drilling Contractors (IADC) strongly opposes MMS's proposal to alter the lease terms for "ultra-deep" wells. The notice of the proposed rule recites the usual operator arguments that added "complexity" and costs warrant what is in fact an extension of primary lease terms. Despite the MMS's expression of concern about this significant deviation from established OCS leasing policy, MMS proposes to accept operators' claims which at the end of the day rest more on selective cost considerations than on technical limits for planning and analysis.

IADC very reluctantly acquiesced to the 2002 MMS proposal for sub-salt lease extensions in the Gulf of Mexico western planning area. At that time, we understood that any extension request would be severely scrutinized on a case-by-case basis. Since that time, a respectable body of scientific evidence has called into question the basis upon which the operators seeking sub-salt extensions made their claims for release from their obligations under their primary lease terms. And IADC was further dismayed when MMS in 2004 essentially extended and expanded the criteria for making such claims, this time without seeking other OCS stakeholders' comments about the appropriateness of this further governmental largesse.

We stated in our 2002 comment to the record that the MMS should avoid setting a "precedent for other lease suspension requests that are essentially motivated by the financial or strategic priorities of a given lessee." And now we read in the text of the proposed rulemaking that "lessees or operators will not request a suspension unless it is in their financial interest." That's precisely the point. The financial interests of an operator aren't necessarily congruent with those of the federal government or the myriad offshore contractors who engage in OCS exploration. Drilling contractors must finance their fleets on the basis of reliable government drilling programs which by finite license terms afford the certainty that leases will be drilled, or dropped and re-offered to operators with the appetite and resources to develop them.

MMS seems to be accelerating the transformation of OCS leases into virtual long-term purchases. We urge MMS to reconsider this proposal, and to take note of its implications for the economic viability of the offshore contractor infrastructure put at risk by increasingly unreliable primary lease terms.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Brian T. Petty". The signature is fluid and cursive, with a long horizontal line extending from the end of the name.

Brian T. Petty
Senior Vice President – Government Affairs